

RICHMOND,

APPLICATION OF

LAND'OR UTILITY COMPANY, INC.

REGISTERED: 2/11

CASE NO. PUE-2006-00128

For a general increase in rates

ORDER FOR NOTICE AND HEARING

On December 21, 2006, Land'Or Utility Company, Inc. ("Land'Or" or the "Company"), filed an application with the State Corporation Commission ("Commission") for a two-phase general increase in rates. The application was deemed complete as of the date of filing. On March 22, 2007, Land 'Or filed a corrected version of a tariff sheet on which proposed rates and fees were set forth by the Company. According to its application, and as amended by the March 22, 2007 filing, Land'Or has applied for a two-phase general increase in rates in accordance with Chapter 10 of Title 56 of the Code of Virginia ("Code") and the provisions for rate increases set forth in the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rules") (20 VAC 5-200-30). The Company seeks a total rate increase that would produce additional annual jurisdictional revenues of \$654,640. According to Land'Or's application, the proposed increase should be implemented in two phases, a Phase 1 increase of \$278,140 and a Phase 2 increase of \$376,500. The Phase 1 increase of \$278,140 is related entirely to increases in sewer revenues. The Phase 2 increase is comprised of additional sewer revenues of \$299,000 and additional water revenues of \$77,500. The Company requests that its Phase 1 proposed revenue increase be allowed to go into effect on an interim basis, subject to refund, on May 1, 2007 and that its Phase 2 proposed revenue increase be allowed to go into effect a year later. The Company proposes a new rate design that attempts to reflect the

respective costs of service within water and sewer rates. The Company proposes to change its rates as follows:

				<u>WATER</u>	
	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>		
Base Charge	\$22.00	\$22.00	\$12.00		Base Charge under present rates and Phase I includes 4,000 gallons of usage. Under Phase II, no usage is included in Base Charge.
Usage Charge	\$3.70	\$3.70	\$4.20		Usage Charge is per 1,000 gallons. Under present rates and Phase I, Usage Charge applies to all usage over the minimum. Under Phase II, Usage Charge applies to all usage.
Unmetered Service	\$22.00	\$22.00	\$28.80		Unmetered service is provided per ERC, which is defined as 400 gallons of design usage per day.
				<u>SEWER</u>	
	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>		
Base Charge	\$17.00	\$20.49	\$30.00		Base Charge under present rates and Phase I includes 4,000 gallons of usage. Under Phase II, no usage is included in Base Charge.
Usage Charge	\$3.70	\$6.78	\$11.01*		Usage Charge is per 1,000 gallons. Under present rates, Usage Charge applies to all usage over the minimum. Under Phase I and Phase II, Usage Charge applies to all usage. *plus any incremental increases in rates charged by Caroline County following connection to county sewer system.
Unmetered Service	\$17.00	\$47.61	\$72.80		Unmetered service is provided per ERC, which is defined as 400 gallons of design usage per day

The Company has also proposed to increase the water and sewer connection fees. The Company has also requested to increase the service initiation, extension, disconnect, reconnect, and returned check charges. The proposed rates and connection fees for sewer service include a proposed automatic pass through of cost increases from Caroline County.

Land'Or's current rates were approved by the Commission in a Final Order dated November 17, 1995, in Case No. PUE-1994-00081.<sup>1</sup>

NOW THE COMMISSION, having considered the application with accompanying schedules, testimony, and exhibits, finds that this application for a general increase in rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code, notice of the application should be given. The Commission further finds that a public hearing on the proposed rates and charges should be held, that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, and that a procedural schedule should be established as prescribed herein.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place Phase 1 of its proposed rates into effect, subject to refund, on May 17, 2007, 150 days after the completion of the Application, while the reasonableness of those rates and charges is investigated. The proposed rates and charges shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits with interest. Implementation of the proposed Phase 2 increase, to be effective no earlier than May 17, 2008, will be addressed by separate Order of the Commission.

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<sup>1</sup> Commonwealth of Virginia ex rel. State Corporation Commission v. Land'Or Utility Company Inc., Case No. PUE-1994-00081, 1995 S.C.C. Ann. Rep. 336.

Accordingly, IT IS ORDERED THAT:

(1) Land'Or's application shall be docketed as Case No. PUE-2006-00128 and all associated papers shall be filed in that docket.

(2) As provided by §§ 56-237 and 56-240 of the Code, Land'Or's proposed Phase 1 increase in rates and charges may take effect on May 17, 2007, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms and conditions, and to order refunds or credits, with interest.

(3) On or before April 27, 2007, the Company shall file with the Commission's Division of Energy Regulation appropriate replacement tariff sheets showing all proposed changes for all schedules terms and conditions permitted to take effect as provided by Ordering Paragraph (2) above. The following caption shall appear at the foot of each sheet showing any change "Effective May 17, 2007, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2006-00128."

(4) A public hearing shall be held at 10:00 a.m. on September 6, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for a general increase in rates.

(5) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Commission's Rules"), 5 VAC 5-20-120, *Procedure before hearing examiners*, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(6) Land'Or's application and accompanying materials may be viewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies

of the application through the Commission's Docket Search Portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. The Applicant shall make a copy available on an electronic basis upon request.

(7) On or before April 27, 2007, Land'Or may file with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case.

(8) On or before May 18, 2007, any person who expects to participate as a respondent in this proceeding shall file with the Clerk at the address set out in Ordering Paragraph (7) an original and fifteen (15) copies of a notice of participation as a respondent, as required by the Commission's Rules, 5 VAC 5-20-80 B, *Participation as a respondent*, and shall serve a copy on counsel to Land'Or, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219, and on Commission Staff counsel. The notice of participation shall be filed and served as required by the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by the Commission's Rules, 5 VAC 5-20-30, *Counsel*.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, Land'Or shall serve upon each respondent a copy of this Order, a copy of the application, and all

materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before June 8, 2007, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Land'Or and on all other parties.

Respondents shall comply with the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

(11) Interested persons may file written comments on the application with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00128 and should be filed by September 6, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website:

<http://www.scc.virginia.gov/caseinfo.htm>.

(12) The Staff shall investigate the application, and on or before August 3, 2007, shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(13) On or before August 17, 2007, Land'Or may file with the Clerk an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one copy on all parties.

(14) The Commission's Rules 5 VAC 5-20-260, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows:

(i) responses to interrogatories and objections shall be served within ten (10) days after receipt of interrogatories, counting weekends and holidays.

(15) On or before April 27, 2007, Land'Or shall serve by first-class mail a copy of this Order on all official previously served as required by Commission Rule 20 VAC 5-200-30 H.

(16) On or before April 27, 2007, Land'Or shall make available for inspection copies of the application and this Order at the following offices:

Lake Land'Or Property Owners Association  
319 Land'Or Drive  
Ruther Glen, Virginia 22546

(17) Land'Or shall provide notice to each customer once as a bill insert or separate mailing the text of the public notice set forth below. Customer notice shall commence as soon as practicable and shall continue until all customers have received the notice and shall be completed by April 27, 2007.

NOTICE TO PUBLIC OF AN APPLICATION  
BY LAND'OR UTILITY COMPANY,  
OF A GENERAL INCREASE IN RATES  
CASE NO: PUE-2006-00128

Land'Or Utility Company has filed with the State Corporation Commission ("Commission") an application for a two-phase general increase in rates. The application has been docketed as Case No. PUE-2006-00128. The Company seeks a total rate increase that would produce annual jurisdictional revenues of \$654,640. According to Land'Or's application, the proposed increase would be implemented in two phases, a Phase 1 increase, effective May 1, 2007 of \$278,140, and a Phase 2 increase, effective no earlier than May 1, 2008 of \$376,500. The Phase 1 increase is comprised entirely of increases in sewer revenue. The Phase 2 increase is comprised of additional sewer revenues of \$299,000 and additional water revenues of \$77,500. The Company requests that its Phase 1 proposed revenue increase be allowed to go into effect on an interim basis, subject to refund, on May 1, 2007 and that its Phase 2 proposed revenue increase be allowed to go into effect a year later. The Company proposes a new rate design that attempts to reflect the respective costs of

service within water and sewer rates. The Company proposes to change its rates as follows:

WATER

	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>
Base Charge	\$22.00	\$22.00	\$12.00

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Unmetered Service	\$22.00	\$22.00	\$28.80
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Unmetered service is provided per ERC, which is defined as 400 gallons of design per day.

SEWER

	<u>Present</u>	<u>Phase I</u>	<u>Phase II</u>
Base Charge	\$17.00	\$20.49	\$30.00

Base Charge under present rates and Phase I includes 4,000 gallons of usage. Under Phase II, no usage is included in Base Charge.

Usage Charge	\$3.70	\$6.78	\$11.01*
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Usage Charge is per 1,000 gallons. Under present rates, Usage Charge applies to all usage over the minimum. Under Phase I and Phase II, Usage Charge applies to all usage.

\*plus any incremental increases in rates charged by Caroline County following connection to county sewer system.

Unmetered Service	\$17.00	\$47.61	\$72.80
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Unmetered service is provided per ERC, which is defined as 400 gallons of design per day.

The Company has also proposed to increase the water and sewer connection fees. The Company has also requested to increase the service initiation, extension, disconnect, reconnect, and returned check charges. The proposed rates and connection fees for sewer service include a proposed automatic pass through of cost increases from Caroline County.

The Commission has suspended implementation of the proposed Phase 1 rates and charges until service rendered on and after May 17, 2007. The proposed rates and charges shall take effect subject to the power of the Commission to fix and substitute just and reasonable rates and to order the utility to make refunds or give credits, with interests. Any Phase 2 increase must be authorized by further Commission Order. While the total revenues that may be approved will not be greater than the amount produced by the Company's proposed rates, please TAKE NOTICE that individual rates approved by the Commission may be higher or lower than those proposed by the Company.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at Lake Land'Or Property Owners Association, 319 Land'Or Drive, Ruther Glen, Virginia 22546. Interested persons may also access unofficial copies through the Commission's website at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for affected persons to participate or be represented by counsel in the proceeding. A hearing will be held on the application beginning at 10 a.m. on September 6, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia.

Interested persons may file written comments on the application with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-

00128, and should be filed by September 6, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website:  
<http://www.scc.virginia.gov/caseinfo.htm>.

Any interested person may participate as a public witness at the hearing on September 6, 2007. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and tell the Commission's Bailiff that they wish to be a public witness.

On or before May 18, 2007, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by the State Corporation Commission Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-80 B, *Participation as a respondent*, shall file with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent. Copies shall be served on counsel to Land'Or, Anthony J. Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*. As required by the Rules of Practice, 5 VAC 5-20-30, *Counsel*, any organization, corporation, or government entity participating as a respondent must be represented by counsel.

On or before June 8, 2007, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Land'Or and on all other parties. Respondents shall comply with the Commission's Rules, 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2006-00128 and shall simultaneously be served on counsel to the Company at the address set forth above.

LAND'OR UTILITY COMPANY

(18) Land 'Or shall publish as display advertising the notice set forth in Ordering Paragraph 17 once a week for two consecutive weeks in a newspaper or newspapers of general circulation in Caroline County, Virginia. Publication shall be completed by April 27, 2007.

(19) On or before May 4, 2007, Land'Or shall file with the Clerk proof of compliance with all notice requirements as set out in Ordering Paragraphs (15) through (18).

(20) This case is continued pending further Orders of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Anthony Gambardella, Esquire, Woods Rogers P.L.C., 823 East Main Street, Suite 1200, Richmond, Virginia 23219; C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of Attorney General, 900 East Main Street, 2nd Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Energy Regulation, Economics and Finance, and Public Utility Accounting.